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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - June 1, 2007

¶1. The following are brief items of interest compiled by Embassy Minsk.

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CIVIL SOCIETY

¶2. Activists Protest Abolition of Social Benefits

On May 30, BelaPAN independent news agency reported on a number of planned and banned demonstrations to protest the parliament's adoption of legislation to remove and/or cut social benefits. Independent trade union and opposition activists in Mogilyov received a permission to hold a one-hour demonstration on June 1. The pro-opposition Belarusian Party of Communists (BPC) local branch in Brest was also granted permission to hold a rally on June 1 and will continue to collect signatures to challenge social benefits cuts. On May 29, however, Gomel authorities denied the local BPC branch permission to stage a June 1 protest in the city. Meanwhile, the pro-government Federation of Trade Unions (FTU) called for restoration of some retirement benefits. The FTU also submitted a proposal to parliament seeking extra leave to long-time serving employees and those who work overtime.

¶3. Protestant Pastors Face Intensified Harassment

On May 28, the court found St. John the Divine Church pastor Antoni Bokun guilty of conducting an illegal religious service and fined him 620,000 rubles (USD 290). Police officers arrested Bokun and

Polish Protestant pastor Yaroslav Lukasik on May 27 after entering Bokun's house and videotaping the religious service. On May 30, authorities fined Polish citizen Lukasik 31,000 rubles (USD 15) for unauthorized religious activities, issued him deportation orders effective June 7, and barred him from returning to Belarus for five years. On May 8, 2007, authorities canceled Lukasik's residency permit due to his alleged involvement in "activities aimed at causing damage to the national security of Belarus." Lukasik, a resident of Belarus since 1999, linked his deportation with continued GOB harassment of religious activists and his public criticism of Belarus' religious laws.

14. Youth Activists Protest Old Town Demolition in Grodno

On May 29, youth activists staged a 15-minute protest against the local authorities' demolition of historical buildings in old town in the western city of Grodno. The protestors had to change the venue since the police blocked off the original point of assembly. Youth activists displayed a sign that read "Stop the Vandals" on a building and distributed leaflets with information about local authorities' demolition project in the city center in order to widen the road and the bridge. This demonstration was part of activists' "Save Grodno" campaign, which protests the authorities' demolition plans.

15. Opposition Leader's Car Damaged Once Again

On the night of May 30, vandals splashed acid on "For Freedom" Movement leader Aleksandr Milinkevich's car. Milinkevich filed a complaint with law-enforcement agencies to investigate the incident. This is the fourth case of Milinkevich's car being damaged in the last six months. Milinkevich believes that such incidents are related to his political activities, and that vandals are attempting "to bowl him down".

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16. Belarusian Orthodox Church to Support Commemoration of Stalinist Crimes Victims

On May 28, independent media reported that Head of the Belarusian Orthodox Church (BOC) Metropolitan Philaret expressed support of the public organizing committee for commemoration of the victims of Stalinist repressions. Metropolitan Philaret lauded committee's efforts to organize commemorative events in 2007 to mark the 70th anniversary of the Stalinist purges, and provided it with a detailed agenda of the BOC's plans to honor the victims, including assassinated Orthodox priests. Historian and committee co-founder Igor Kuznetsov expressed hope for future effective cooperation with the BOC.

DOMESTIC ECONOMY

17. Oil Refineries Incur Losses After Making Forced GOB Payments

The Mozyr Oil Refinery, one of Belarus' two oil refineries, told Prime-Tass news services on May 28 that it incurred USD 5 million losses in April primarily due to USD 3 million worth of mandatory payments it was forced to make to the Government's Innovation Fund. From January through March, the Mozyr refinery's monthly profit was USD 2.5 million; however, on May 23, the government increased the rate of mandatory payments eight times. The Novopolotsk Oil Refinery had to pay USD 4 million in mandatory payments in April but still managed to make a USD 0.5 million profit mainly because its export expenses are lower than the Mozyr Oil Refinery's expenses.

18. Free Economic Zones' Production Up 17.6 Percent

According to the Ministry of Statistics, Belarus' six regional free economic zones (FEZ) increased their on-the-year production in January through March by 17.6 percent. Total exports of the FEZ's resident businesses totaled USD 206.3 million -- up 41 percent on the year -- while their imports were up 81.2 percent to USD 189.2 million. Most exports went to Russia, while most imports came from outside CIS. Of the 266 resident businesses in the country's FEZ,

however, 33.5 percent reported losses.

¶9. On-the-year Cash Income Up 17 Percent

According to the Ministry of Statistics, Belarusians' on-the-year total cash income was up 17 percent in first quarter of 2007. Salaries accounted for 58 percent of the income versus 61.4 percent a year ago. Belarusians spent 78.3 percent of their income on goods and services and invested only 6.3 percent into savings and foreign currency. In March, the average salary and pension equaled USD 307 and USD 130 respectively.

INTERNATIONAL TRADE AND INVESTMENT

¶10. Six CIS Member States Agree on Common Electric Power Market

On May 25, the prime ministers of Russia, Kazakhstan, Belarus, Kyrgyzstan, Tajikistan, and Armenia signed an agreement on a common electric power market. According to Russia's Premier Mikhail Fradkov, the agreement will facilitate trade in and provide equal access to energy resources. Under the agreement, the six countries will separate power transfer and management services from generation and trading in electric power. The parties will provide power transit services irrespective of the origin, owner and destination of power and will establish unified customs rules and procedures.

Quote of the Week

¶11. The Belarusian Embassy in Lithuania denied Lithuanian MP and Parliamentary Assembly Council of Europe Representative Emanuelis Zingeris a visa to travel to Belarus for the opposition's May 26-27 United Democratic Forces' Congress. Zingeris linked his denial to the harsh statement he made to the Belarusian regime at the 2005 Congress. While commenting on his visa denial, Zingeris stated:

"I would be glad if my wife would take me so seriously and respect me the way Lukashenko does."

STEWART